

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Paul Krutko
Peter Jensen

SUBJECT: MEXICAN HERITAGE PLAZA
TRANSITION

DATE: August 12, 2008

Approved

Date

8/12/08

COUNCIL DISTRICT: District 5

RECOMMENDATION

It is recommended that the City Council:

1. Accept the report presented to the Community & Economic Development Committee on June 23, 2008 regarding the Mexican Heritage Plaza transition update; and
2. Authorize the City Manager to negotiate and execute a cooperation agreement with the Hispanic Foundation of Silicon Valley to join the City in managing the business planning process for the Mexican Heritage Plaza transition to community cultural center.

OUTCOME

Accepting these recommendations will allow staff to establish an agreement with the Hispanic Foundation Silicon Valley that will specify roles and responsibilities for the foundation and the City in supporting a Steering Committee in the development of a sustainable business plan to achieve the vision of the Mexican Heritage Plaza (MHP) as a community cultural center. The business plan will address the organizational structure, governance model, program design, and fund development plan for the MHP and will be used as the framework for a future procurement process to identify a potential operator or manager.

BACKGROUND

At its March 18, 2008 meeting, the Council directed staff to work with the Community & Economic Development (CED) Committee to establish the specifics for the development of a sustainable business plan for the Mexican Heritage Plaza, with the overarching vision of making the Plaza a community cultural center. Key elements of the process included:

- The establishment of a membership program at the Plaza
- The selection of an Independent Convening Institution that is community-based, culturally competent, and has philanthropic experience to lead the business plan effort

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- The establishment of a 13-member Steering Committee to develop and recommend a sustainable business plan. Potential Steering Committee members can be nominated by themselves or others. The chart below shows how the Committee members are to be selected:

Selecting Group	Nominees Eligible for Selection	Number of Committee Members to be Selected
Interim Membership-Based Advisory Committee (comprised of anyone who pledges a membership)	Interim Membership-Based Advisory Committee members (at pledge level of 30 volunteer hours per year)	2
Interim Membership-Based Advisory Committee (comprised of anyone who pledges a membership)	Interim Membership-Based Advisory Committee members (at pledge level of \$100 per year)	2
Interim Membership-Based Advisory Committee (comprised of anyone who pledges a membership)	Interim Membership-Based Advisory Committee members (at pledge level of \$1,000 per year)	2
Mayfair Neighborhood Action Coalition	All nominees (nominations are open to the public)	1
Gateway East Neighborhood Action Coalition	All nominees (nominations are open to the public)	1
Arts Commission	All nominees (nominations are open to the public)	2
City Council	All nominees (nominations are open to the public)	3

The groups responsible for selection as shown above will be charged with selecting a Steering Committee that represents at least the following categories of experience, interest, and perspective:

- Non-profit/community-based organization accounting, finance, and management
- Cultural facilities management
- Latino arts, culture, and heritage
- Arts education/academics
- Philanthropy
- Community engagement and representation
- Business planning

Staff reported on the development of this process to the CED Committee in April, May, and June. The elements listed above have undergone some refinement through the Committee's guidance in those meetings, with a significant area of focus being the role of the Independent Convening Institution and the ability of the City to attract an organization willing to serve in the role, particularly given the facts that the City would not offer any compensation and that the organization would be precluded from having any role in the eventual operations and programming of the Plaza.

At the June 23, 2008 CED Committee meeting, staff reported that it had contacted various organizations about serving in the role of Independent Convening Institution, and that only

Hispanic Foundation Silicon Valley (HFSV) had expressed potential interest. The full staff report prepared for the CED Committee meeting of June 23, 2008 (Item H, Mexican Heritage Plaza Transition) is included as Attachment A.

ANALYSIS

The HFSV Board met July 22, 2008 to discuss taking on this project. HFSV is interested in assisting the business plan process, and has had preliminary conversations with other foundations about providing some form of support, monetary or otherwise, to the process. However, the foundation expressed the following concerns about the roles, responsibilities, and structure of the process:

- The Independent Convening Institution would be responsible for leading the delivery of a sustainable business plan, but would have no direct responsibility for selecting the members of the Steering Committee making decisions about the plan; instead, that responsibility is given to the groups shown in the table on the previous page.
- Substantial fund-raising would be necessary to cover the cost of a consultant/facilitator for the process and one staff member to provide services such as logistical support, community outreach, and administration for the process.
- The selection of an experienced and knowledgeable consultant/facilitator and an expert, committed, and broad-based Steering Committee are the cornerstones of success for the plan. The two foundations feel the City must be a partner in ensuring those necessary elements, and as an active member of the plan development process.

Without changes to address these issues, HFSV did not feel comfortable in agreeing to become the Independent Convening Institution for the process. As a result, through conversations involving staff and the HFSV, staff recommends entering into a cooperation agreement between the City and HFSV, in which a facilitator working under the auspices of the HFSV, with direction to be provided by both organizations, leads the Steering Committee. HFSV will assist in identifying and securing funding to cover the costs of the facilitator and facilitated process, will offer expertise in cultural arts programming, community engagement, and philanthropy, and will partner with the City in attracting other partners with strong assets in one or more of those areas as well. HFSV will receive no compensation from the City as part of the agreement, and will have no formal role in the future operation or management of the MHP.

The vision of HFSV is to cultivate philanthropy and inspire Hispanic children and families to achieve personal greatness. The mission of HFSV is to engage leadership and bridge resources to invest in a thriving Hispanic community. In 2006, the HFSV hired its first Executive Director, Teresa Alvarado, to build upon the organization's efforts to engage the Latino community in formal philanthropic giving and increase the organization's ability to invest in community success. HFSV has a three-year Strategic Plan for 2007-2010 with the underlying goal of how to best transform itself from an event-focused, volunteer-driven organization making small community grants into a sustainable philanthropic organization, while continuing its tradition of actively engaging Hispanic philanthropic leadership and increasing resources to respond to the needs of Silicon Valley's Hispanic children and families and invest in the potential of the community.

The specific roles of the two organizations would include:

- The HFSV will work with the City to develop a budget and identify and secure funding partners to cover the cost of a consultant/facilitator with expertise in cultural arts planning/programming and group facilitation. The agreement will include a provision that, should it be unable to raise sufficient funding for this effort, HFSV will have the option to withdraw from the process.
- The City and HFSV will work together to select a facilitator with knowledge and experience in cultural arts planning/programming.
- The City, through a temporary position already established and funded on a one-time basis in the 2008-2009 budget, will provide staff support to the business planning process. This position was established to provide a City liaison to the process, lead Council and committee status reporting, and work with General Services staff located at the Plaza to ensure that day-to-day operations reflected the goals and direction of the Steering Committee's work. Staff believes the direct staff support needed for the Steering Committee's process can be added to the duties of the position (which was recently filled) without compromising the other duties that have already been established.
- The City and HFSV will work together to publicize the membership pledge and Steering Committee nomination processes, and to do direct outreach to highly qualified individuals within the categories of interest and experience described above.
- The City and HFSV will work together to develop information that can assist the various selecting entities as they undertake their Steering Committee selections.

If these recommendations are approved, the foundation has indicated it would be interested in working in cooperation with the City on this process. This new structure would allow for work to be initiated quickly. On line applications for plaza membership pledges and Steering Committee nominations will be available on the City's website prior to the time this item is heard by Council, and work on securing funding and selecting a facilitator will begin as soon as the cooperation agreement is in place.

Staff recognizes that it is essential to avoid actual or perceived conflicts of interest in the business planning process. It should be noted that HFSV's Executive Director, Teresa Alvarado, is married to Jess Moreles, the Operations Director of Teatro Vision, one of MHP's Resident Arts Partner organizations. Because neither Mr. Moreles nor Ms. Alvarado will be a member of the steering committee and because the steering committee will ultimately be making all of the decisions regarding a recommended business plan, the City Attorney's Office has concluded that neither spouse is subject to the State's conflict of interest rules.

EVALUATION AND FOLLOW-UP

Informational reports regarding all aspects of MHP, as well as recommendations needed at key decision points will be provided to the Community & Economic Development Committee and the full Council as appropriate. The next key decision point, Council selection of three members of the Steering Committee, is expected to occur by November 2008. If the Steering Committee is in place by then, the business planning process is expected to be completed in Fall 2009. The

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result of that process will be the presentation of recommendations for City Council action on a procurement process for a potential operator or manager of the Plaza.

PUBLIC OUTREACH/INTEREST

The public has been fully engaged throughout the process with the City currently improving the City's web pages related to MHP with the following key elements added that continue public outreach efforts:

- On-line form to pledge membership to MHP
- On-line form to nominate someone to the MHP Steering Committee
- Information on community meetings, consultant reports and Council and Committee meetings that have been completed to date regarding MHP

COORDINATION

This memorandum has been coordinated with the City Attorney's Office.

CEQA

Not a project.


PAUL KRUTKO

Chief Development Officer

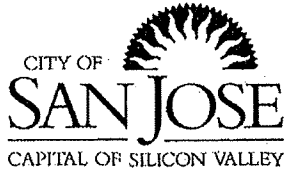

PETER JENSEN

Director, General Services

For questions please contact Peter Jensen, General Services Director, (408) 975-7290

ATTACHMENT

CED Committee: 6/23/08
ITEM: H



Memorandum

TO: COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE

FROM: Peter Jensen
Kim Walesh

SUBJECT: Mexican Heritage Plaza Transition

DATE: June 12, 2008

Approved: Paul Kuntz Date 6-12-08

COUNCIL DISTRICT: District 5

RECOMMENDATION

Accept the staff report updating the Committee on the transition plan for the Mexican Heritage Plaza.

BACKGROUND

On March 18, 2008 Council approved item 3.6, Actions Related To The Mexican Heritage Plaza, Including Mexican Heritage Corporation. Included in this action were 5 recommendations from staff and 12 additional recommendations contained in a memo from Mayor Reed and Councilmember Campos, aimed at achieving the vision for the Mexican Heritage Plaza as a Community Arts and Cultural Center with a new non-profit model. The staff memo included the following desired outcomes:

- Development of a new management future for Mexican Heritage Plaza,
- Stabilize and transition the facility management to the City so it continues to be accessible to the community,
- Provide support to encourage the transition of Mexican Heritage Corporation into a new role as they work to stabilize their financial standing, and
- Provide marketing support to assist the 2008 Mariachi Festival.

In addition, the memo from Mayor Reed and Councilmember Campos cited the following goals for the Plaza:

- Reconnecting with the community by ensuring that the Plaza is grounded within the community and extends beyond the Plaza's walls
- Establishing a Board that is reflective of all stakeholders
- Remaining transparent and accountable, and
- Developing a business plan that is self-sustaining.

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Staff submitted a memo suggesting a revised implementation plan to achieve these results for the Committee's consideration at its May 27 meeting. The Committee approved the plan, and asked staff to report back in June on progress toward the selection of an Independent Convening Institution. The Independent Convening Institution would work with the Steering Committee members to develop a business plan to make the Plaza a sustaining community cultural center.

ANALYSIS

Independent Convening Institution

At the May 27 meeting, staff described a process for recommending selection of an Independent Convening Institution which involved asking consistent questions of potential Independent Convening Institutions, and explaining the Council's direction that the role involves no compensation and precludes the organization from having any role in the eventual outcome. Criteria used to determine which organizations to contact were established by Council at its March 18 meeting: the organization should be community based, culturally competent, and have philanthropic experience.

At the time this memo was written, not all conversations have been successfully completed, so the memo reflects the status as of June 12. If, as we expect, more information becomes available prior to the Committee's June 23 meeting, a supplemental memo will be provided in order to convey that information. The results of discussions held to date are as follows:

- **Hispanic Foundation Silicon Valley** – The Hispanic Foundation expressed interest in the role and viewed the role as consistent with their mission of developing Latino philanthropy and leadership. The Foundation understands the conditions of no compensation and no future role in the Plaza. The Foundation is working with potential partners to secure financial commitments and, if successful, expects to provide a written expression of interest shortly. Hewlett Foundation is a potential partner, as is Silicon Valley Community Foundation and perhaps others.
- **Castellano Family Foundation** – The Castellano Family Foundation cannot play the role of Independent Convening Institution, but is willing to discuss some financial support for the business planning process and other assistance as needed.
- **Other Organizations** – A number of other organizations, although not primarily philanthropic, are interested in the success of the Mexican Heritage Plaza, including MACSA, MACLA, and 1stACT Silicon Valley. For various reasons, none of these organizations are interested in serving as the Independent Convening Institution. Staff feels it is important to keep all of these organizations informed and involved as the process continues.

As mentioned above, staff expects to have more information soon, which will be included in a supplemental memorandum to the Committee. If there is sufficient information to make a recommendation as to selection of an Independent Convening Institution at that time, one will be made as part of the memo.

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Other Issues

Staff is working to improve the City's Mexican Heritage Plaza web pages, and expects to complete these improvements prior to the Committee meeting. Key elements to be added include:

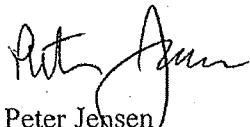
- On-line form to pledge membership to the Plaza
- On-line form to nominate someone to the Plaza Steering Committee
- Information on community meetings, consultant reports, and Council and Committee meetings that have been completed to date regarding the Plaza

In the future, we hope to create the ability to complete elements of the event booking process on line, possibly including payment for events services. We are also considering the creation of a virtual tour of the Plaza aimed at those considering booking a meeting or event at the Plaza.

Preliminary discussions with each of the Resident Arts Partners (RAP's) regarding lease and event rates have been completed, and staff is working to create draft lease agreements. While the structure of these rates has been changed, the overall effect for the RAP's is negligible, and the discussions have been very positive. We expect to complete the lease agreements within the next month.

FOLLOW-UP

Staff will report on further implementation progress in a CED Committee report in August along with an Informational Memo to Council. Further informational reports, as well as recommendations at needed decision points will be provided according to the timeline. Should any elements of this timeline need to be delayed, staff will ask for the Committee's approval as part of upcoming status reports.



Peter Jensen
General Services Director



Kim Walesh
Chief Strategist

For questions please contact Peter Jensen, General Services Director, at 975-7290.

